



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

April 20, 2018

**VIA UPS NEXT DAY AIR**

Mr. Wayne B. Brown

Augusta, GA 30907

RE: MUR 6824

Dear Mr. Brown:

The Federal Election Commission, the regulatory agency that administers and enforces the Federal Election Campaign Act of 1971, as amended (the "Act"), has ascertained information in the normal course of carrying out its supervisory responsibilities indicating that you, in your individual capacity or in your capacity as an owner, member or partner of Waynetworks, LLC, or both, may have violated the Act or Commission regulations by making excessive or prohibited contributions to Eugene Yu for Congress, the principal campaign committee of candidate Eugene C. Yu ("the Committee") in the 2014 election cycle. You are therefore being provided this notice and an opportunity to respond, if you wish to do so.

In connection with the Commission's investigation of a complaint in MUR 6824 alleging that Mr. Yu had insufficient personal funds to loan more than \$730,000 to his 2014 campaign, you provided an affidavit dated January 31, 2016, stating that you made \$650,000 in payments to Mr. Yu pursuant to a "Contract of Partial Sale" ("Contract") in exchange for a 50% ownership interest in 1082 Bertram Road, a property jointly owned by Eugene and Jonie H. Yu. Copies of the complaint, your affidavit, and the Contract between Waynetworks, LLC, and Jonie H. Yu, are enclosed for your convenience. Although you were not named in the complaint, it appears that your activities may fall within its scope.

The Commission has received information that you and Mr. Yu negotiated the Contract for the purpose of providing funds to the campaign; that you made payments under the Contract as the campaign needed funds; and that the understanding between you and Mr. Yu was that he would repay you for payments made under the Contract plus interest when the Bertram Road property sold. Bank records in the Commission's possession indicate that you, personally or as an owner, member or partner of Waynetworks, LLC, or both, caused to be issued a total of \$645,000 in checks payable to Mr. Yu between August 19, 2013, and September 4, 2014. Of that amount, \$555,000 appears to have

been used to finance Mr. Yu's 2014 campaign.<sup>1</sup> The apparent campaign purpose of the transaction and certain facts suggest that payments made under the contract were contributions in the nature of a loan rather than payments made under a bona fide sales contract. See 52 U.S.C. § 30101(8)(A) and 11 C.F.R. § 100.52 (the term "contribution" includes any gift, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing a Federal election). First, there is no public record evidencing your ownership interest in the property. Second, the Commission has received information that no appraisal was conducted prior to execution of the Contract, a standard practice in a real estate sales contract. Moreover, publicly available information indicates that the value of the property in 2013 on which the property tax assessment was based was \$1,043,175 rather than the \$1.3 million value listed in the Contract. And, public information reflects that the property has been listed for sale for \$890,000 since at least April 25, 2017.

To the extent the checks issued under the contract were made from your personal funds, the payments may constitute excessive contributions by you. See 52 U.S.C. § 30116(a) (limiting contributions by individuals to \$2,600 per election in the 2013-2014 election cycle). To the extent the payments were made by Waynetworks, LLC, the payments may constitute excessive contributions by you if you are the sole member of Waynetworks (see 11 C.F.R. § 110.1(g)(4)), an excessive contribution by you and any other partner if Waynetworks elects to be treated as a partnership under tax law (see 11 C.F.R. § 110.1(g)(2)), or a prohibited contribution if Waynetworks elects to be treated as a corporation (see 11 C.F.R. § 110.1(g)(3)).

The Office of General Counsel is reviewing this information to determine whether we should recommend to the Commission that it find there is reason to believe you, Waynetworks, LLC, or both, violated the Act or Commission regulations. A "reason to believe" finding is not a finding that any person violated the Act; rather, it means only that the Commission believes a violation may have occurred. In the event the Commission finds that there is reason to believe, it may authorize the Office of General Counsel to conduct an investigation to determine whether, in fact, a violation occurred or to assess the scope of the alleged violation. See 52 U.S.C. § 30109(a)(2). The Commission may also authorize the Office of General Counsel to enter into negotiations directed toward reaching a conciliation agreement in settlement of a matter at an earlier stage of the enforcement process prior to a Commission finding that there is probable cause believe that a person violated the Act or Commission regulations. See 11 C.F.R. § 111.18(d) and the enclosed procedures.

Before we make a recommendation to the Commission, we offer you the opportunity to provide in writing a response to the allegations in the complaint and in this letter. Should you choose to respond, you may also submit any materials – including documents or affidavits from persons with relevant knowledge – that you believe may be relevant or useful to the Commission's consideration of this matter. The Commission will take into account any additional information you provide in determining whether to find reason to believe that you, Waynetworks LLC, or both, violated the Act or Commission regulations.

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<sup>1</sup> The Committee refunded \$50,000 to you on November 11, 2013, in connection with a *sua sponte* submission to the Commission, which you signed, concerning the first four payments under the Contract that were paid directly to the Committee or deposited directly into its account.

Mr. Wayne B. Brown  
MUR 6824  
Page 3

Your response, if you choose to make one, must be submitted in writing within 15 days of this letter's receipt. You should address any response to the Office of General Counsel, and the response should reference MUR 6824. Direct any response to: Federal Election Commission, 1050 First St., N.E., Washington, D.C. 20463 or to me at [dodrowski@fec.gov](mailto:dodrowski@fec.gov). After 15 days, we will make our recommendations to the Commission. The Commission will then consider the recommendations and take appropriate action.

This matter will remain confidential unless you notify the Commission in writing that you wish the matter to be made public. *See* 52 U.S.C. §§ 30109(a)(4)(B) and 30109(a)(12). If you intend to be represented by counsel in this matter, please complete the enclosed form and return it to the Commission. Please be advised though that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.<sup>2</sup> Also, please be advised that you are required to preserve all documents, records, and materials relating to the subject matter in the complaint and discussed in this matter until we notify you that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

If you have any questions, please contact me at my email address listed above, at (202) 694-1591 or toll free at 1-800-424-9530. Information is also available on the Commission's website at [www.fec.gov](http://www.fec.gov).

Sincerely,



Dawn M. Odrowski  
Attorney

Enclosures:

Complaint in MUR 6824  
Wayne Brown Affidavit dated January 31, 2016  
July 1, 2013 Contract of Partial Sale

cc: Mr. Wayne B. Brown

Martinez, GA 30907

<sup>2</sup> The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).



JULY 24, 2014

RECEIVED  
FEDERAL ELECTION  
COMMISSION

2014 JUL 28 PM 12: 57

Office of General Counsel  
Federal Election Commission  
999 E Street, N.W., Washington, D.C. 20463.

OFFICE OF GENERAL  
COUNSEL

**RE: Complaint of Federal Campaign Law Violations by Eugene Yu for U.S. Congress**

Complainant: (Corrected)  
John E. Stone  
Committee to Elect John Stone  
2803 Wrightsboro Road Sulte 15-351  
Augusta, GA 30909

MUR # 6824

**PREFACE:** This complaint was filed with the FEC on May 16, 2014. Since that time the FEC informed the Complainant that the FEC required the Complaint be re-filed with specific instructions to revise the language used concerning the swearing to the facts of the case by the Complainant. This filing fulfills this request to revise the May 16, 2014 Complaint.

**Complaint:**

Eugene Yu has failed to account for the source of his \$736,000 loan to Eugene Yu for U.S. Congress as reported to the Federal Election Commission in his March 31, 2014 report, as evidenced by his Candidate Financial Disclosure Report filed on March 26, 2014 with the Clerk of the U.S. House of Representatives.

**Facts of the Case:**

According to reliable media reports, Mr. Yu has not reported financial assets of sufficient quantity to personally loan his campaign \$736,000, nor any source of secondary loans or personal gifts to allow this amount of contribution to his own campaign. He is also refusing to answer media inquiries on this matter, indicating potential illegalities in the source(s) of this massive injection of campaign funds in the closing weeks of the Georgia Republican Primary. This discrepancy follows two previous violations of Federal Election Law this election cycle, with both instances involving donation limit violations, indicating a pattern of practice of Eugene Yu for U.S. Congress of violating donation rules.

**Summary:** The infusion of \$240,000 in cash by Eugene Yu for U.S. Congress in the final weeks of the Georgia Republican Primary has resulted in a barrage of campaign activity by Eugene Yu for Congress that would otherwise have not been possible. If that infusion of cash is in violation of federal campaign law the certification of the May 20 Primary results could be in question.

**TIME IS OF THE ESSENCE:**

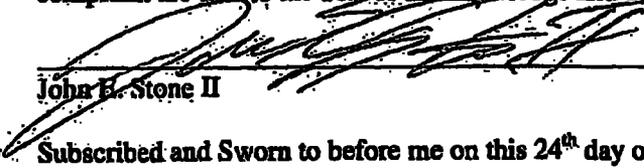
The magnitude of these violations are such that could alter the results of the May 20 Republican Primary Elections if allowed to stand. The Commission is urged to act on these matters with urgency. Complainant, upon information and belief and relying on personal knowledge and the exhibits attached hereto as evidence of the possible violations of law set forth

John Stone for Congress  
4228 Match Point DR, Augusta, Georgia 30909  
(706) 550-1507

10047444001

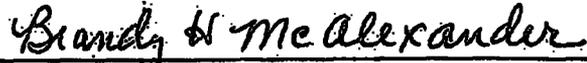


above hereby swears under penalty of perjury that the statements and facts of the complaint are true to the best of his knowledge and belief.

  
John E. Stone II

July 24, 2014

Subscribed and Sworn to before me on this 24<sup>th</sup> day of July, 2014.

  
Notary Public

(SEAL)

**BRANDY H. MCALEXANDER  
NOTARY PUBLIC  
COLUMBIA COUNTY, GA  
COMM. EXP 2-4-2017**

**John E. Stone  
Candidate  
Committee to Elect John Stone  
4228 Match Point DR  
Augusta, GA 30909**

**Attachments:  
Financial Disclosure Report, March 26, 2014  
Federal Election Report, September 30, 2013  
Federal Election Report, March 31, 2014  
Federal Election Report, April 30, 2014  
Associated Press, Russ Bynum, March 10, 2014  
Morris News Service, Walter Jones, May 10, 2014**

**NOTE:**

**Original and three copies submitted May 16 via USPS certified next day mail, electronic copies submitted May 16. Original and three copies of the revised complaint submitted July 24 by USPS certified mail, electronic copies submitted May 24.**

**John Stone for Congress  
4228 Match Point DR, Augusta, Georgia 30909  
(706) 550-1507**





I look forward to your timely response.

John E. Stone  
Candidate  
Committee to Elect John Stone  
2803 Wrightsboro Road, Suite 15-351  
Augusta, GA 30909

**Attachments:**

- Financial Disclosure Report, March 26, 2014
- Federal Election Report, September 30, 2013
- Federal Election Report, March 31, 2014
- Federal Election Report, April 30, 2014
- Associated Press, Russ Bynum, March 10, 2014
- Morris News Service, Walter Jones, May 10, 2014

**NOTE:**

Original and three copies submitted May 16 via USPS certified next day mail, electronic copies submitted May 16.

I attest, under penalty of perjury, that Mr. John E. Stone personally appeared before me on May 16, 2014.

Brandy H McAlexander  
Brandy H McAlexander  
Commission expires 2.4.2017

1004444400



# FINANCIAL DISCLOSURE REPORT

Filing ID #10000245

Clark of the House of Representatives • Legislative Resource Center • B-106 Cannon Building • Washington, DC 20515

## FILER INFORMATION

Name: Eugene Chin Yu  
Status: Congressional Candidate  
State/District: GA12

## FILING INFORMATION

Filing Type: Candidate Report  
Filing Year: 2014  
Filing Date: 03/26/2014

## SCHEDULE A: ASSETS AND "UNEARNED" INCOME

Asset	Owner	Value of Asset	Income Type(s)	Income Current Year to Filing	Income Preceding Year
Bertram Road Building/Land	JT	\$1,000,001 - \$5,000,000	Rent	\$50,001 - \$100,000	\$50,001 - \$100,000
LOCATION: Augusta/Richmond County, GA, US DESCRIPTION: 10,000 sq ft commercial bldg on 2.76 acres.					
Enspert Inc.	JT	\$100,001 - \$250,000	None		
DESCRIPTION: Korean Public Company Stock					
Green County Land	JT	\$250,001 - \$500,000	None		
LOCATION: Greensboro/Greene County, GA, US					
Inspirt Inc.	JT	\$1,000,001 - \$5,000,000	None		
DESCRIPTION: Korean Public Company Stock					
Peachtree St. Condo	JT	\$250,001 - \$500,000	None		
LOCATION: Atlanta/Fulton County, GA, US					
Wells Fargo	JT	\$15,001 - \$50,000	Interest	\$1 - \$200	\$1 - \$200

10000245

Asset	Owner	Value of Asset	Income Type(s)	Income Current Year to Filing	Income Preceding Year
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**SCHEDULE C: EARNED INCOME**

None disclosed.

**SCHEDULE D: LIABILITIES**

Owner	Creditor	Date Incurred	Type	Amount of Liability
JT	Suntrust Bank	Sept 2002	Home Mortgage	\$15,001 - \$50,000
JT	Suntrust Bank	Sept 2002	Condo Mortgage	\$15,001 - \$50,000
JT	Wells Fargo Bank	April 2013	Home Equity Loan	\$15,001 - \$50,000

**SCHEDULE E: POSITIONS**

Position	Name of Organization
President	Federation of Korean Association USA

**SCHEDULE F: AGREEMENTS**

None disclosed.

**SCHEDULE J: COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE**

None disclosed.

**EXCLUSIONS OF SPOUSE, DEPENDENT, OR TRUST INFORMATION**

**Trusts:** Details regarding "Qualified Blind Trusts" approved by the Committee on Ethics and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?

Yes  No

**Exemption:** Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?

Yes  No

**COMMENTS**

**CERTIFICATION AND SIGNATURE**

I CERTIFY that the statements I have made on the attached Financial Disclosure Report are true, complete, and correct to the best of my knowledge and belief.

Digitally Signed: Eugene Chin Yu , 03/26/2014

**2014 CANDIDATE INFORMATION**

C0027089

**CANDIDATE INFORMATION**

Name: EUGENE YU FOR US SENATE  
 Address: PO BOX 2000, EVANS, GA 30809  
 Treasurer Name: Donnie Miller  
 Type: H - House  
 Designation: P - Principal Campaign Committee Of A Candidate  
 Party: Republican Party

Yu, Eugene Chin  
 Office: H - House  
 State: GA, District: 12

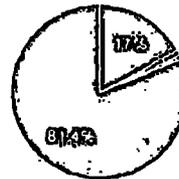
ID: H4GA12051

**FINANCIAL SUMMARY - PUBLIC VOTER US SENATE**

From: 05/15/2013 To: 04/30/2014

**I. RECEIPTS**

Itemized Individual Contributions	\$154,175
Unitemized Individual Contributions	\$6,786
<b>Total Individual Contributions</b>	<b>\$160,961</b>
Party Committee Contributions	\$0
Other Committee Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$160,961</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$736,148
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$736,148</b>
Offsets to Operating Expenditures	\$2,200
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$904,309</b>

**Receipts**

- Itemized Individual Contributions
- Offsets to Operating Expenditures
- Unitemized Individual Contributions
- Candidate Loans

**II. DISBURSEMENTS**

Operating Expenditures	\$720,447
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$14,200
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$14,200</b>
Individual Refunds	\$51,000
Political Party Refunds	\$0
Other Committee Refunds	\$550
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$51,550</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$786,197</b>

**Disbursements**

- Individual Refunds
- Operating Expenditures
- Candidate Loan Repayments
- Other

**III. CASH SUMMARY**

Beginning Cash On Hand	\$0
Ending Cash On Hand	\$89,414
Net Contributions	\$109,412
Net Operating Expenditures	\$713,247
Debits/Loans Owed By	\$281,358
Debits/Loans Owed To	\$0

2014042414001





**FINANCIAL SUMMARY - 2013 Year-End****From: 10/01/2013 To: 12/31/2013**

<b>I. RECEIPTS</b>	<b>\$330,767</b> ▲
Itemized Individual Contributions	\$36,250
Unitemized Individual Contributions	\$3,727
Total Individual Contributions	\$39,977
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$39,977</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$290,790
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$290,790</b>
Offsets to Operating Expenditures	\$0
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$330,767</b>
<b>II. DISBURSEMENTS</b>	<b>\$278,922</b> ▲
Operating Expenditures	\$228,922
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$0
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$0</b>
Individual Refunds	\$50,000
Political Party Refunds	\$0
Other Committee Refunds	\$0
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$50,000</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$278,922</b>
<b>III. CASH SUMMARY</b>	<b>\$51,845</b> ▲
Beginning Cash On Hand	\$0
Ending Cash On Hand	\$51,845
Net Contributions	-\$10,022
Net Operating Expenditures	\$228,922
Debts/Loans Owed By	\$290,790
Debts/Loans Owed To	\$0

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**FINANCIAL SUMMARY - 2013 October Quarterly**

From: 05/15/2013 To: 09/30/2013

<b>I. RECEIPTS</b>	<b>\$245,698 ▲</b>
<u>Itemized Individual Contributions</u>	\$80,898
Unitemized Individual Contributions	\$600
<b>Total Individual Contributions</b>	<b>\$81,498</b>
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$81,498</b>
Transfers from Authorized Committees	\$0
<u>Candidate Loans</u>	\$157,000
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$157,000</b>
<u>Offsets to Operating Expenditures</u>	\$7,200
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$245,698</b>
<b>II. DISBURSEMENTS</b>	<b>\$217,000 ▲</b>
<b>Operating Expenditures</b>	<b>\$208,800</b>
Transfers To Authorized Committees	\$0
<b>Candidate Loan Repayments</b>	<b>\$7,200</b>
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$7,200</b>
<b>Individual Refunds</b>	<b>\$1,000</b>
Political Party Refunds	\$0
Other Committee Refunds	\$0
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$1,000</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$217,000</b>
<b>III. CASH SUMMARY</b>	<b>\$28,697 ▲</b>
Beginning Cash On Hand	\$0
Ending Cash On Hand	\$28,697
Net Contributions	\$80,498
Net Operating Expenditures	\$201,600
Debts/Loans Owed By	\$149,800
Debts/Loans Owed To	\$0

1004447716

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## Augusta candidate Eugene Yu took \$50,000 in prohibited donations

By Russ Bynum

Associated Press

Monday, March 10, 2014

SAVANNAH, Ga. — Running his first race for Congress, Eugene Yu found a generous supporter in his friend and fellow Augusta businessman Wayne B. Brown. Last summer and fall, Brown and his company gave the Republican candidate \$54,500 for his campaign.

The problem is that's far more cash than the \$5,200 limit one person can legally give a single candidate seeking federal office. Yu had to refund \$50,000 of the money given to his U.S. Senate campaign. He abandoned that race to run for a U.S. House seat in eastern Georgia.

"This is the first time I'm running in an election," Yu said in a phone interview Monday. "If anything, it was an honest mistake."

Fundraising reports filed with the Federal Election Commission show Yu's campaign waited three months to disclose the prohibited contributions. Instead, the campaign reported most of the cash as a \$45,000 personal loan.

"It looks more sketchy because it raises a question of whether or not the candidate was trying to conceal the contribution," said Sheila Krumholz, the executive director of the Center for Responsive Politics, a nonprofit and nonpartisan organization that tracks money in politics. "He took this large sum of money and passed it off as money from his own pocket."

Both the candidate and his donor said they weren't trying to deceive anybody. They said Brown owed Yu money for his share of a real-estate investment, and the money was deposited into the candidate's campaign account to help his largely self-funded race.

"Eugene had already paid for the property so I was reimbursing him for my share," Brown wrote in an e-mail Monday. "Since it was his money, it was deposited in the campaign account as a contribution from him which is correct but not transparent."

A political newcomer, the 58-year-old Yu of Evans remains an active player in the 2014 elections even after exiting his Senate campaign. Last week, Yu signed up for a five-way primary race for the GOP nomination to oppose Democratic Rep. John Barrow in Georgia's 12th District.

Yu's campaign could face fines if FEC auditors find there were fundraising violations. The FEC gives candidates grace periods of up to 60 days to refund or otherwise make right excessive or prohibited contributions.

Yu's campaign had most of its money from Brown for longer than that. The FEC doesn't disclose the status of investigations until they're resolved.

Yu came to the area as a teenager when his South Korean parents immigrated here. He's a former military policeman and ex-sheriff's deputy who's now retired from his now-defunct company that refurbished military trucks returning from overseas deployments. Yu also served as president of a major Korean-American lobbying association before launching his first political campaign last year.

Yu's newcomer status made him a longshot in the race for Georgia's open Senate seat, where the crowded Republican field includes three sitting congressmen. But Yu also poured more than \$447,000 of his own money into the Senate race. A continued willingness to self-finance could make him tough to ignore, even as a latecomer, in the GOP primary for Barrow's seat.

Still, Yu hasn't been terribly successful raising money from supporters. In the last six months of 2013, the

candidate raised just \$121,475 from outside donors. The \$50,000 Yu ended up returning, after reporting the money as prohibited contributions, equaled 41 cents of every dollar he raised.

Brown owns an Augusta company, WayneWorks, that manages a range of business ventures from real estate to custom embroidery services to exotic charter-boat vacations. Yu says he and Brown have been friends for 15 years or more. Spending reports show Brown is also the campaign's landlord, renting Yu space at his company's office park for \$100 a month.

Yu's fundraising reports show Brown gave his Senate campaign \$4,900 in July. Brown's wife chipped in another \$5,200. Both contributions were within legal limits. Yu's campaign disclosed them in its quarterly report filed Oct. 14.

The same fundraising report says Yu loaned the campaign \$202,000 of his own money during the same quarter from July through September. Three months later, his campaign filed an amended report that reduced the amount of Yu's personal loan by \$45,000.

What happened to that money? It showed up in the amended report as previously undisclosed contributions from Brown and his company. Brown gave the campaign \$30,000 in two different payments in August and September – putting him well past the legal donation limit. A \$15,000 contribution attributed to WayneWorks was received by Yu's campaign Aug. 19. Corporations are prohibited from giving money to individual candidates.

Yu's last Senate fundraising report, filed Jan. 30, shows Brown gave the campaign a final \$5,000 in October – bringing the total amount of prohibited money to \$50,000. The same report says Yu refunded the money on Nov. 18, nearly two months before any of the excessive donations were disclosed to federal regulators.

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## Source of Yu funds remain a mystery

By Walter C. Jones

Morris News Service

Friday, May 9, 2014 8:07 PM

Last updated Saturday, May 10, 2014 12:05 AM

ATLANTA — The source of funds that U.S. House candidate Eugene Yu has funneled into his campaign remain a mystery, and his campaign is not returning requests for comment.

Yu, who is in second place in the Republican race in the 12th District according to the latest poll, had loaned his campaign more than \$736,000 as of April 30. But he did not list that much in liquid assets on his personal financial disclosure, and the income from his investments are a fraction of that amount.

After declaring bankruptcy in 2007, he might not be the model applicant for a bank, although he did list bank mortgages on his home and an Atlanta condo. The residence already had a second mortgage before he started his Senate campaign and later switched to the U.S. House race in the 12th District.

"I hope that Mr. Yu will operate with full disclosure and explain how he was able to loan his campaign over \$700,000," said William Perry, the executive director of the government-watchdog advocacy Common Cause of Georgia.

Yu, reached by phone Thursday, referred all financial questions to his campaign chairman, Wayne Brown. Brown has not returned messages left Thursday and Friday at the campaign; at his corporation, WayneWorks LLC; or at the telephone number Yu supplied for him.

WayneWorks gave \$15,000 to the campaign in August even though federal law prohibits congressional candidates from accepting corporate donations. The campaign cashed the check instead of refusing it, even though it is in the same building as the company.

Federal election rules say that if a corporate gift is received, the campaign must refund it within 30 days of discovery, but the Yu campaign exceeded that period and appeared to have used the funds based on expenditures and the cash on hand at the time.

"They should have known that it was an illegal, corporate contribution," said Bryan Tyson, a campaign attorney with Strickland, Brockington & Lewis.

The campaign lists its address as the corporate offices of WayneWorks but reported only token "rent and postage" for it, even though federal candidates must pay the fair-market rate to corporate landlords to avoid accepting discounted rent as a contribution.

Brown personally contributed more than the legal limit to the campaign, and the campaign was slow in refunding him, according to his campaign reports filed with the Federal Election Commission.

Yu's financial disclosure included no more than \$50,000 in cash in a money market account.

"I think it is reason to be skeptical. If you don't have liquid assets and all of a sudden you have liquid assets," Tyson said.

Campaign finance lawyer Stefan Passantino, the head of the political law team at McKenna Long & Aldridge, notes that Yu is not required to update his personal financial disclosure form because he filed it less than 12 months ago. So there is no reason for him to disclose any personal loans he might have gotten or the source until next year.

"I don't know any facts that would indicate there was wrongdoing here," he said.

Yu has an office building on Bertram Road that he rents for \$100,000 yearly at most. The value of the building



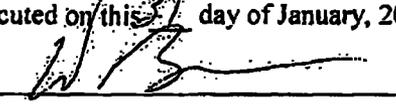
**AFFIDAVIT**

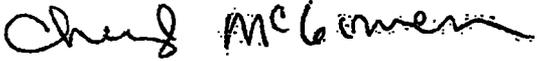
I, Wayne B. Brown do hereby state the following:

1. On July 1, 2013, I entered into a "Contract of Partial Sale" ("Agreement") in the ordinary course of business for an option to purchase 50% ownership interest in the property jointly owned by Mr. and Mrs. Eugene Yu, located at 1082 Bertram Road, Richmond County, Georgia ("the Property").
2. In accordance with that Agreement, I subsequently made payments in exchange for the ownership interest in the Property and acquired such ownership interest as payments were made.
3. Between July 2013 and July 2014, I paid Mr. Yu a total of \$650,000 in exercise of my option to purchase the fifty percent (50%) ownership interest in the Property.
4. I believed that Mr. Yu had a legal right to the funds of each payment once I made each payment and I received an ownership percentage of the Property in proportion to each payment made.

Pursuant to 28 U.S.C. § 1746, I certify under penalty of perjury that the foregoing is true and correct.

Executed on this 31 day of January, 2016.

By: 



NOTARY PUBLIC, RICHMOND COUNTY, GEORGIA  
MY COMMISSION EXPIRES 2/17/2013

1009444721

**CONTRACT OF PARTIAL SALE**

This agreement is made and entered into this day 25<sup>th</sup> of July, 2013, by and between Jonie Yu hereinafter "Seller" and WayneWorks, LLC, hereinafter "Purchaser".

Purchaser agrees to buy and Seller agrees to sell the real property described as follows:

An option to purchase up to Fifty (50) percent of all that certain piece, parcel or lot of land, with all improvements thereon, located at 1082 Bertram Rd, in the city of Augusta, County of Richmond, State of Georgia, and being further described as Tax Parcel ID 012-0-056-01-0.

Conveyance shall be made subject to all rights-of-way, easements and restrictive covenants of record (provided they do not make the title unmarketable), to all governmental statutes, ordinances, rules and regulations and to all other liens, leases or encumbrances, if any, expressly set forth herein and assumed by Purchaser or subject to which Purchaser shall take title to the property.

Purchaser has the right to purchase up to fifty (50) percent of the property for Six Hundred Fifty Thousand and 00/100 (\$650,000.00 dollars) to be paid as follows: Purchaser will earn ownership as monies are paid to Seller on a percentage basis up to fifty (50) percent of the total value of One Million Three Hundred Thousand Dollars (\$1,300,000). This option is good for 12 months from date on signing.

Closing costs, prepaid items, recording fees, and attorney's fees shall all be paid by the Purchaser if purchaser elects to record.

Seller agrees to convey the percentage purchased at time of purchaser's choosing and update the ownership information with the county for a marketable title and limited warranty deed free of encumbrance, except as herein stated, with all necessary documentary stamps affixed thereto. Seller has the first right of refusal to repurchase Purchaser's percentage ownership for the original amount paid plus an annual percentage rate of eight (8) percent.

Time is of the essence. Failure to act within the specified time frames constitutes a breach of the contract.

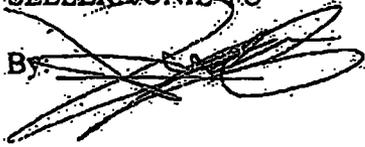
Property taxes, interest, water rents, sewer charges, fuel oil, lights and other assessments shall continue to be the responsibility of seller. All rents or other monies earned on the existing building will continue to be for the benefit of the Seller. If a new building is constructed, any rents, lease payments or other income would be divided based on ownership percentage.

In the event the Seller shall be unable to convey marketable title in accordance with the terms of this agreement, the Seller will not be required to bring any action or proceeding or otherwise to incur any expense to render the title marketable. The sole obligation of the Seller shall be to reimburse the Purchaser for its costs incurred for surveys and costs of title examination and to cancel this agreement in which event any monies paid money shall be returned to the Purchaser.

The parties hereto further agree that this written contract expresses the entire agreement between the parties and that there is no other agreement, oral or otherwise, modifying the terms hereunder.

All parties agree to accept signatures and initials electronically.

SELLER: JONHE YU

By: 

PUCHASER: WAYNEWORKS, LLC

By: 

100444001